

POVERTY

Welfare Reform Has Led to Less Overall Poverty

Since welfare reform, the poverty rate dropped to its lowest level in 20 years.

- The poverty rate declined from 13.7 percent in 1996 to 11.7 percent in 2001.
- 32.9 million people were poor in 2001; down 3.6 million from 36.5 million in 1996.
- African-American, Hispanic, and White poverty rates declined since 1996.

Recent declines in child poverty are especially significant.

- Child poverty declined from 20.5 percent in 1996 to 16.3 percent in 2001, together with the statistically identical 2000 rate of 16.2 percent, these are the lowest rates since 1979.
- Since welfare reform, nearly 3 million children have left poverty. This contrasts with studies cited by opponents of reform in 1996 that predicted 1 million more children would be in poverty if welfare reform passed.
- The poverty rate for African-American children in 2001 was at an all-time low; the poverty rate for single-mother families hit a record low in 2000.

Despite the economic downturn in 2001, poverty rates for families most likely to be affected by welfare reform remained low or dropped even further.

- While poverty increased slightly across the country between 2000 and 2001 (from 11.3 to 11.7 percent), these rates were far lower than earlier years of recession (in the early 1990s the poverty rate was between 13.5 and 15.1 percent).
- The African-American poverty rate reached **an all-time low** of 22.5 percent **in 2000** and remained nearly the same in 2001, when the rate was 22.7 percent.
- The poverty rate for families headed by single mothers, a group far more likely to rely on welfare, fell to an all-time low in 2000 of 27.9 percent.

There may be additional approaches to reducing poverty further.

- Out-of-wedlock childbearing is one of the most common causes of poverty.
- Thus carrying out the marriage and family formation goals of TANF could help address poverty in the long run.
- Other possible measures include adding more work incentives and requiring more work by a greater share of the caseload. Both are included in the 2003 bill. This will affect not only those on the rolls, but also encourage more parents to avoid welfare dependence and support their families through work or other means.